

Calculation of tax under 3-year averaging method for elected farm income

2008

Attach to Form ND-1

Please type or print in black or blue ink.

Your name as shown on Form ND-1

Your Social Security Number

▶ See instructions to this schedule to see if you are eligible to use it

1. North Dakota taxable income from Form ND-1, line 16 ----- 1 _____
2. Elected farm income from your 2008 Schedule J (Form 1040), line 2. If this amount includes a net long-term capital gain, see instructions. **Do not enter more than the amount on line 1** ----- 2 _____
3. Subtract line 2 from line 1 ----- 3 _____
4. Tax on the amount on line 3 from Tax Table on page 20 of 2008 Form ND-1 instructions ----- 4 _____
5. If you used Schedule ND-1FA to figure your tax for:
 - 2007, enter amount from your 2007 Schedule ND-1FA, line 11.
 - 2006 but not 2007, enter amount from your 2006 Schedule ND-1FA, line 15.
 - 2005 but not 2006 nor 2007, enter amount from your 2005 Schedule ND-1FA, line 3.
 Otherwise, enter amount from 2005 Form ND-1, line 16, **OR** from 2005 Form ND-2, Tax Computation Schedule, line 1. ----- 5 _____

If line 5 is zero or less, see instructions.
6. Divide the amount on **line 2** by **3.0** ----- 6 _____
7. Add lines 5 and 6. *If less than zero, enter zero* ----- 7 _____
8. If you used Form ND-1 for 2005, figure the tax on the amount on line 7 using the 2005 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions ----- 8 _____
9. If you used Schedule ND-1FA to figure your tax for:
 - 2007, enter amount from your 2007 Schedule ND-1FA, line 15.
 - 2006 but not 2007, enter amount from your 2006 Schedule ND-1FA, line 3.
 Otherwise, enter amount from 2006 Form ND-1, line 16, **OR** from 2006 Form ND-2, Tax Computation Schedule, line 1. ----- 9 _____

If line 9 is zero or less, see instructions.
10. Enter amount from line 6 ----- 10 _____
11. Add lines 9 and 10. *If less than zero, enter negative number* ----- 11 _____
12. If you used Form ND-1 for 2006, figure the tax on the amount on line 11 using the 2006 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions ----- 12 _____
13. If you used Schedule ND-1FA to calculate your tax for 2007, enter the amount from 2007 Schedule ND-1FA, line 3. Otherwise, enter amount from 2007 Form ND-1, line 16, **OR** from 2007 Form ND-2, Tax Computation Schedule, line 1 ----- 13 _____

If line 13 is zero or less, see instructions.
14. Enter amount from line 6 ----- 14 _____
15. Add lines 13 and 14. *If less than zero, enter negative number* ----- 15 _____
16. If you used Form ND-1 for 2007, figure the tax on the amount on line 15 using the 2007 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions ----- 16 _____
17. Add lines 4, 8, 12 and 16. Enter this amount on page 2, line 18, of this schedule ----- 17 _____



18. Enter the amount from page 1, line 17 ----- 18 _____

19. If you used Schedule ND-1FA to figure your tax for:

- 2007, enter amount from your 2007 Schedule ND-1FA, line 12.
- 2006 but not 2007, enter amount from your 2006 Schedule ND-1FA, line 16.
- 2005 but not 2006 nor 2007, enter amount from your 2005 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2005 Form ND-1, line 17 (if full-year resident) or Schedule ND-1NR, line 19 (if full-year nonresident or part-year resident) **OR** from 2005 Form ND-2, Tax Computation Schedule, line 2.

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20. If you used Schedule ND-1FA to figure your tax for:

- 2007, enter amount from your 2007 Schedule ND-1FA, line 16.
- 2006 but not 2007, enter amount from your 2006 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2006 Form ND-1, line 17 (if full-year resident) or Schedule ND-1NR, line 20 (if full-year nonresident or part-year resident) **OR** from 2006 Form ND-2, Tax Computation Schedule, line 2.

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21. If you used Schedule ND-1FA to figure your tax for 2007, enter amount from 2007 Schedule ND-1FA, line 4. Otherwise, enter amount from 2007 Form ND-1, line 17 (if full-year resident) or Schedule ND-1NR, line 20 (if full-year nonresident or part-year resident) **OR** from 2007 Form ND-2, Tax Computation Schedule, line 2. ----- 21 _____

22. Add lines 19, 20, and 21 ----- 22 _____

23. Subtract line 22 from line 18. Enter result on your return as follows:

- If you (and your spouse, if filing jointly) were full-year residents, enter the amount from this line on Form ND-1, line 17.
- If you are required to use Schedule ND-1NR, enter the amount from this line on Schedule ND-1NR, line 20.

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► **Caution:** If you (and your spouse, if filing jointly) are full-year residents, the tax on line 23 above may be higher than the tax calculated without the use of this schedule.

If you are required to use Schedule ND-1NR, the tax on line 23 above is not your actual tax liability. You must enter the tax from line 23 of this schedule on Schedule ND-1NR, line 20, and complete the remainder of Schedule ND-1NR to calculate your actual tax liability. Please note that the tax calculated based on the use of Schedule ND-1FA may be higher than the tax calculated without it.

► **Attach this schedule to your Form ND-1 only if you are choosing to pay the tax based on its use.**

General instructions

Eligibility

You are eligible to use Schedule ND-1FA to calculate your tax for 2008 if you used Schedule J (Form 1040) to calculate your 2008 federal income tax.

The use of Schedule ND-1FA is elective. You do not have to use it even though you used Schedule J (Form 1040) to calculate your federal income tax for 2008.

IMPORTANT: It is possible for the tax calculated using Schedule ND-1FA to be higher than the tax calculated on all of your income using the regular method (without Schedule ND-1FA). Complete and attach Schedule ND-1FA to your Form ND-1 *only if* you are electing to pay the tax that results from using Schedule ND-1FA.

Copies of 2005, 2006, and 2007 returns

You will need copies of your 2005, 2006, and 2007 North Dakota income tax returns to complete the 2008 Schedule ND-1FA. If you do not have a copy of any of these returns, see the back cover of the 2008 Form ND-1 instruction booklet for information on how to obtain one.

If you filed an amended North Dakota income tax return or our office made changes to your North Dakota income tax return for 2005, 2006, or 2007, you must use the corrected amounts when completing Schedule ND-1FA.

Specific line instructions

Line 2
Enter your elected farm income from the 2008 Schedule J (Form 1040), line 2. However, if you claimed an exclusion on line 7 of your 2008 Form ND-1 attributable to a net long-term capital gain included in your federal elected farm income, subtract that portion of the exclusion from your federal elected farm income and enter the result on this line.

Lines 5, 9, and 13
For purposes of completing lines 5, 9, and 13 of the 2008 Schedule ND-1FA, your North Dakota taxable income may be a negative number. If your North Dakota taxable income for a base year is mathematically less than zero, use the negative number for purposes of completing these lines.

No filing requirement for base year.
If you were not required to file a North Dakota income tax return for one or more of the base years, you must complete the applicable North Dakota return for each base year for which a return was not filed. You may use either Form ND-1 or Form ND-2. Complete the return through the line on which the tax is calculated. If you were a part-year resident or full-year nonresident for the base year, Schedule ND-1NR (Form ND-1) or Schedule 3 (Form ND-2) also must be completed. Use the figures from the return completed for the base year to complete the applicable lines of the 2008 Schedule ND-1FA.

Form ND-2 Tax Rate Schedule

If you used Form ND-2 for the 2005, 2006, or 2007 tax year, use this schedule to calculate the tax for that tax year.

If revised taxable income for tax year is:				The revised tax is equal to:	
Over	But not over				
\$ 0	\$ 3,000			2.67% of the revised taxable income	
3,000	5,000	\$ 80.10	+	4.00% of the amount over	\$ 3,000
5,000	8,000	160.10	+	5.33% of the amount over	5,000
8,000	15,000	320.00	+	6.67% of the amount over	8,000
15,000	25,000	786.90	+	8.00% of the amount over	15,000
25,000	35,000	1,586.90	+	9.33% of the amount over	25,000
35,000	50,000	2,519.90	+	10.67% of the amount over	35,000
50,000		4,120.40	+	12.00% of the amount over	50,000

2005 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2005 tax year, use these tax rate schedules to calculate the tax to enter on line 8. Use the schedule that corresponds to your filing status for the 2005 tax year.

Single				Married filing jointly and Qualifying widow(er)			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$ 0	\$ 29,700	2.1% of the revised taxable income		\$ 0	\$ 49,600	2.1% of the revised taxable income	
29,700	71,950	\$ 623.70 + 3.92% of amount over	\$ 29,700	49,600	119,950	\$ 1,041.60 + 3.92% of amount over	\$ 49,600
71,950	150,150	2,279.90 + 4.34% of amount over	71,950	119,950	182,800	3,799.32 + 4.34% of amount over	119,950
150,150	326,450	5,673.78 + 5.04% of amount over	150,150	182,800	326,450	6,527.01 + 5.04% of amount over	182,800
326,450		14,559.30 + 5.54% of amount over	326,450	326,450		13,766.97 + 5.54% of amount over	326,450

Married filing separately				Head of Household			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$ 0	\$ 24,800	2.1% of the revised taxable income		\$ 0	\$ 39,800	2.1% of the revised taxable income	
24,800	59,975	\$ 520.80 + 3.92% of amount over	\$ 24,800	39,800	102,800	\$ 835.80 + 3.92% of amount over	\$ 39,800
59,975	91,400	1,899.66 + 4.34% of amount over	59,975	102,800	166,450	3,305.40 + 4.34% of amount over	102,800
91,400	163,225	3,263.51 + 5.04% of amount over	91,400	166,450	326,450	6,067.81 + 5.04% of amount over	166,450
163,225		6,883.49 + 5.54% of amount over	163,225	326,450		14,131.81 + 5.54% of amount over	326,450

2006 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2006 tax year, use these tax rate schedules to calculate the tax to enter on line 12. Use the schedule that corresponds to your filing status for the 2006 tax year.

Single				Married filing jointly and Qualifying widow(er)			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$ 0	\$ 30,650	2.1% of the revised taxable income		\$ 0	\$ 51,200	2.1% of the revised taxable income	
30,650	74,200	\$ 643.65 + 3.92% of amount over	\$ 30,650	51,200	123,700	\$ 1,075.20 + 3.92% of amount over	\$ 51,200
74,200	154,800	2,350.81 + 4.34% of amount over	74,200	123,700	188,450	3,917.20 + 4.34% of amount over	123,700
154,800	336,550	5,848.85 + 5.04% of amount over	154,800	188,450	336,550	6,727.35 + 5.04% of amount over	188,450
336,550		15,009.05 + 5.54% of amount over	336,550	336,550		14,191.59 + 5.54% of amount over	336,550

Married filing separately				Head of Household			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$ 0	\$ 25,600	2.1% of the revised taxable income		\$ 0	\$ 41,050	2.1% of the revised taxable income	
25,600	61,850	\$ 537.60 + 3.92% of amount over	\$ 25,600	41,050	106,000	\$ 862.05 + 3.92% of amount over	\$ 41,050
61,850	94,225	1,958.60 + 4.34% of amount over	61,850	106,000	171,650	3,408.09 + 4.34% of amount over	106,000
94,225	168,275	3,363.68 + 5.04% of amount over	94,225	171,650	336,550	6,257.30 + 5.04% of amount over	171,650
168,275		7,095.80 + 5.54% of amount over	168,275	336,550		14,568.26 + 5.54% of amount over	336,550

2007 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2007 tax year, use these tax rate schedules to calculate the tax to enter on line 16. Use the schedule that corresponds to your filing status for the 2007 tax year.

Single				Married filing jointly and Qualifying widow(er)			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$ 0	\$ 31,850	2.1% of the revised taxable income		\$ 0	\$ 53,200	2.1% of the revised taxable income	
31,850	77,100	\$ 668.85 + 3.92% of amount over	\$ 31,850	53,200	128,500	\$ 1,117.20 + 3.92% of amount over	\$ 53,200
77,100	160,850	2,442.65 + 4.34% of amount over	77,100	128,500	195,850	4,068.96 + 4.34% of amount over	128,500
160,850	349,700	6,077.40 + 5.04% of amount over	160,850	195,850	349,700	6,991.95 + 5.04% of amount over	195,850
349,700		15,595.44 + 5.54% of amount over	349,700	349,700		14,745.99 + 5.54% of amount over	349,700

Married filing separately				Head of Household			
If revised taxable income for tax year is:		The revised tax is equal to:		If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over			Over	But not over		
\$ 0	\$ 26,600	2.1% of the revised taxable income		\$ 0	\$ 42,650	2.1% of the revised taxable income	
26,600	64,250	\$ 558.60 + 3.92% of amount over	\$ 26,600	42,650	110,100	\$ 895.65 + 3.92% of amount over	\$ 42,650
64,250	97,925	2,034.48 + 4.34% of amount over	64,250	110,100	178,350	3,539.69 + 4.34% of amount over	110,100
97,925	174,850	3,495.98 + 5.04% of amount over	97,925	178,350	349,700	6,501.74 + 5.04% of amount over	178,350
174,850		7,373.00 + 5.54% of amount over	174,850	349,700		15,137.78 + 5.54% of amount over	349,700